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**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.**

BATON ROUGE, LOUISIANA

JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/2/05

L.A. CHAMPAGNE & CO., L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS
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**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
INTRODUCTION AND SUMMARY**
June 30, 2004 and 2003

INTRODUCTION

The Agency received federal funds under entitlements from Titles III B, III C-1, III C-2, III D and III E of the Older Americans Act of 2000, as amended, and the Nutritional Services Incentive Program (N.S.I.P.). Other funds were received from the State of Louisiana under the Louisiana Senior Rx and Elderly Protective Services programs. Funding was also provided by United Way, and Entergy's Project Care and Helping Hand programs.

SUMMARY

During the periods ended June 30, 2004 and 2003, the Agency received \$3,281,884 and \$3,427,581, respectively, to fund administrative costs and programs serving older citizens. Funding is summarized as follows:

	<u>2004</u>	<u>2003</u>
Governor's Office of Elderly Affairs, State of Louisiana	\$ 2,907,345	\$ 3,053,607
Entergy - Project Care/Helping Hands	64,321	49,227
United Way	171,500	196,500
Participant Contributions	584	693
Interest	2,258	3,041
Other	135,876	124,513
	<u>\$ 3,281,884</u>	<u>\$ 3,427,581</u>

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Capital Area Agency on Aging - District II, Inc.

We have audited the accompanying statements of financial position of Capital Area Agency on Aging - District II, Inc. as of June 30, 2004 and 2003, and the related statements of cash flows for the years then ended and the statements of activities and functional expenses for the year ended June 30, 2004. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Area Agency on Aging - District II, Inc. as of June 30, 2004 and 2003 and its cash flows for the years then ended, and the changes in its net assets for the year ended June 30, 2004 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2004, on our consideration of Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Continued...

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Capital Area Agency on Aging - District II, Inc., taken as a whole. The accompanying supplemental schedule of expenditures of federal awards on page 18 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Also, the accompanying supplemental information description of programs pages 14 and 15, the detailed schedule of program activities page 16 and the schedule of changes in fixed assets page 17 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



November 4, 2004

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
STATEMENTS OF FINANCIAL POSITION**
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 480,852	\$ 474,588
Receivables on funding contracts	99,253	119,321
Due from subcontractors	29,826	26,868
Other assets	-	3,446
Prepaid expenses	8,265	-
	<u>618,196</u>	<u>624,223</u>
 FIXED ASSETS		
Computer and related equipment	12,768	12,536
Office equipment	18,245	13,586
Furniture and fixtures	3,421	3,421
	<u>34,434</u>	<u>29,543</u>
Less accumulated depreciation	18,961	16,162
	<u>15,473</u>	<u>13,381</u>
	<u>\$ 633,669</u>	<u>\$ 637,604</u>
 CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 119,008	\$ 105,530
Due to subcontractors	111,415	96,822
Accrued compensated absences	13,073	10,461
	<u>243,496</u>	<u>212,813</u>
 NET ASSETS		
Unrestricted	46,615	48,090
Temporarily restricted	343,558	376,701
	<u>390,173</u>	<u>424,791</u>
	<u>\$ 633,669</u>	<u>\$ 637,604</u>

See accompanying notes

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENT OF ACTIVITIES

Year ended June 30, 2004

(With comparative totals for the year ended June 30, 2003)

	2004			2003
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Governor's Office of Elderly Affairs	\$ -	\$ 2,907,345	\$ 2,907,345	\$ 3,053,607
Capital Area United Way	-	171,500	171,500	196,500
Entergy (Project Care/Helping Hands)	-	64,321	64,321	49,227
Participant Contributions	-	584	584	693
Other Support and Revenues	3,169	132,707	135,876	124,513
Interest Income	2,258	-	2,258	3,041
	<u>5,427</u>	<u>3,276,457</u>	<u>3,281,884</u>	<u>3,427,581</u>
Net assets released from restrictions	3,309,600	(3,309,600)	-	-
	<u>3,315,027</u>	<u>(33,143)</u>	<u>3,281,884</u>	<u>3,427,581</u>
EXPENSES				
Grants and allocations	1,571,127	-	1,571,127	1,790,190
Functional expenses:				
Program services				
Title III-C-1 Congregate Meals	368,780	-	368,780	334,449
Title III-C-2 Home Delivered Meals	871,705	-	871,705	862,917
Title III-D Preventive Health	5,418	-	5,418	5,844
Senior Rx	93,850	-	93,850	-
Elderly Protective Services	149,125	-	149,125	147,858
Total program services	<u>1,488,878</u>	<u>-</u>	<u>1,488,878</u>	<u>1,351,068</u>
Management and general	256,497	-	256,497	253,052
Total functional expenses	<u>1,745,375</u>	<u>-</u>	<u>1,745,375</u>	<u>1,604,120</u>
Total expenses	<u>3,316,502</u>	<u>-</u>	<u>3,316,502</u>	<u>3,394,310</u>
Change in net assets	(1,475)	(33,143)	(34,618)	33,271
Net assets - beginning of year	48,090	376,701	424,791	391,520
Net assets - end of year	<u>\$ 46,615</u>	<u>\$ 343,558</u>	<u>\$ 390,173</u>	<u>\$ 424,791</u>

See accompanying notes

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2004

(With comparative totals for the year ended June 30, 2003)

	Title III-C-1 Congregate Meals	Title III-C-2 Home Delivered Meals	Title III-D Preventive Health
Catered meals	\$ 368,780	\$ 871,705	\$ -
Salaries	-	-	4,413
Payroll taxes	-	-	356
Benefits	-	-	20
Travel	-	-	-
Advertising	-	-	-
Dues and subscriptions	-	-	-
Equipment maintenance	-	-	-
Postage and shipping	-	-	-
Printing and publications	-	-	-
Occupancy	-	-	-
Telephone	-	-	-
Software licensing	-	-	-
Insurance	-	-	-
Office supplies	-	-	-
Conference and training	-	-	-
Other contractual services	-	-	-
Accounting	-	-	-
Depreciation	-	-	-
Miscellaneous expense	-	-	-
Materials - III-D	-	-	629
Loss on disposal of fixed assets	-	-	-
	<u>\$ 368,780</u>	<u>\$ 871,705</u>	<u>\$ 5,418</u>

See accompanying notes

2004

2003

	Senior Rx	Elderly Protective Services	Total Program Services	Management and General	Total	Total
\$	-	\$ -	\$ 1,240,485	\$ -	\$ 1,240,485	\$ 1,197,366
	47,245	100,980	152,638	148,023	300,661	249,465
	3,895	8,168	12,419	11,627	24,046	20,628
	1,477	7,168	8,665	29,945	38,610	40,277
	1,487	8,618	10,105	7,894	17,999	15,371
	2,390	184	2,574	19	2,593	1,135
	-	170	170	575	745	609
	1,245	511	1,756	2,607	4,363	4,123
	11,101	1,149	12,250	5,057	17,307	3,741
	2,124	221	2,345	1,045	3,390	2,074
	-	9,335	9,335	16,344	25,679	25,413
	2,091	6,744	8,835	4,219	13,054	11,066
	-	-	-	3,000	3,000	3,000
	535	1,705	2,240	3,614	5,854	3,956
	8,305	1,837	10,142	5,168	15,310	7,823
	-	650	650	2,401	3,051	2,329
	11,629	460	12,089	762	12,851	1,705
	-	1,225	1,225	7,700	8,925	8,500
	233	-	233	2,564	2,797	1,472
	93	-	93	1,729	1,822	1,079
	-	-	629	-	629	349
	-	-	-	2,204	2,204	2,639
\$	<u>93,850</u>	<u>149,125</u>	<u>1,488,878</u>	<u>256,497</u>	<u>1,745,375</u>	<u>1,604,120</u>

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2004 and 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (34,618)	\$ 33,271
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation and amortization	2,797	1,472
Loss on disposition of fixed assets	2,204	2,639
Decrease (increase) in:		
Receivables on funding contracts	20,068	4,472
Receivables from subcontractors	(2,958)	189
Prepaid expenses	(8,265)	1,712
Other assets	3,446	(1,225)
Increase (decrease) in:		
Accounts payable and accrued expenses	13,480	(62,560)
Payables to subcontractors	14,593	(21,176)
Accrued compensated absences	2,612	1,696
Net cash provided by operating activities	13,359	(39,510)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(7,095)	(5,673)
Net cash used in investing activities	(7,095)	(5,673)
 NET INCREASE (DECREASE) IN CASH	 6,264	 (45,183)
Cash - beginning of year	474,588	519,771
Cash - end of year	\$ 480,852	\$ 474,588

See accompanying notes

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities and reporting entity

The Agency is a non-profit entity incorporated in 1974 to ensure the availability of supportive, nutrition, and volunteer services to people aged 60 and older in the ten parishes surrounding the Baton Rouge capital area. Elderly protective services are provided in East Baton Rouge Parish and eleven surrounding parishes. It also serves as an advocate and provides leadership on behalf of the elderly. The Agency coordinates funding to the parish councils on aging and monitors their providing of services to older citizens.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. At present, the Agency does not have any permanently restricted net assets.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and expense recognition

Contributions, grants and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Agency reports grants and gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for the future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets and depreciation

Fixed assets are carried at cost less accumulated depreciation. The assets are depreciated for financial reporting purposes using the straight-line method over estimated useful lives of five to ten years.

Donated services

No amounts have been reflected in the financial statements for donated services. The Agency pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Agency with its various program activities.

Cash

For the purpose of the statement of cash flows, the Agency considers all short-term savings to be cash.

Under the requirements of its grant funding from the State of Louisiana, the Agency must collateralize cash balances held in financial institutions that are in excess of federal deposit insurance. Such deposits are collateralized under a security pledge arrangement with the financial institution that meets the requirements of state law.

Functional expenses

Virtually all expenses are charged directly to their functional class. Other expenses are allocated between program and management and general based upon management's estimates. Fundraising and member development activities are not significant and no costs have been allocated to that function.

Budget policy

Budgets for the various programs are prepared by the Agency's Executive Director and approved by the Agency's Board of Directors and program grantors. Appropriations from the Governor's Office of Elderly Affairs lapse at year end. Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

The Agency may transfer funds between budgetary line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs with respect to funds received under contracts from that agency.

Receivables and bad debts

Management believes that receivables are collectible in full, and no allowance for bad debts has been provided in the financial statements.

Annual and sick leave

Employees of the Agency are entitled to paid vacation, depending on the length of service. The Agency has recorded a liability for the unused vacation attributable to all eligible employees at the employee's current rate of pay. Because accrued sick leave lapses upon termination no amount has been accrued.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising costs

The Agency expenses advertising costs as incurred.

Income tax status

The Agency, a nonprofit corporation, is exempt from federal income taxes under section 501(C)(3) of the Internal Revenue Code.

Comparative financial information

The statement of activities and statement of functional expenses include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

B: RECEIVABLES ON FUNDING CONTRACTS

Receivables on funding contracts at June 30, 2004, consist of the following:

	Amount
United Way	\$ 85,750
Governor's Office of Elderly Affairs: Title III-E Caregiver Support	13,503
	<u>\$ 99,253</u>

C: BOARD OF DIRECTORS' COMPENSATION

Service on the Board of Directors is voluntary and, therefore, members are not compensated in the form of per diem. Members of the Board are reimbursed for travel expenses. These reimbursements were \$1,578 in 2004 and \$1,693 in 2003.

D: PENSION AND DEFERRED COMPENSATION PLANS

The agency administers a defined contribution pension plan covering all employees with one year or more of service. Employer contributions amounting to 5% of an employee's salary are made annually and benefits are fully and immediately vested. Pension expense of \$10,839 and \$12,166 including administrative charges, is reported in fringe benefits for 2004 and 2003, respectively. Plan benefits are funded through group annuity contracts that are valued at \$123,062 as of December 31, 2003.

The Agency maintains a voluntary salary reduction tax deferred compensation plan for employees electing to participate. The Agency does not make any contributions to this plan administered by Mutual of America.

E: LEASE COMMITMENTS

The Agency is currently under two operating lease agreements for its area office located in Baton Rouge, Louisiana and its Elderly Protective Services office located in Hammond, Louisiana. The area office lease was extended effective September 1, 2004, for a two year term expiring August 31, 2006 with monthly rentals of \$3,310. The office lease for the Elderly Protective Services office was renewed effective July 1, 2004, for a one year term expiring June 30, 2005 with monthly rentals of \$745. Lease expense was \$25,259 and \$24,984 for the year ended 2004 and 2003, respectively. Future minimum lease payments under both lease agreements are as follows:

<u>Year Ended</u>	<u>Amount</u>
6/30/2005	\$ 44,761
6/30/2006	39,717
6/30/2007	6,619
	<u>\$ 91,097</u>

F: INTER-PROGRAM TRANSFERS

Transfers in and out are listed by program type for the year ended June 30, 2004:

<u>Transfers In From:</u>	<u>Transfers Out From:</u>		Total Transfers In
	United Way	N.S.I.P.	
Area Agency Administration	\$ 66,755	\$ -	\$ 66,755
Title III C-1	-	118,404	118,404
Title III C-2	98,268	202,862	301,130
Total Transfers Out	<u>\$ 165,023</u>	<u>\$ 321,266</u>	<u>\$ 486,289</u>

G: ECONOMIC DEPENDENCY

The Agency receives the majority of its revenue from grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and Louisiana state governments. If significant budget cuts are made at the federal and/or state level, the Agency's funding could be reduced significantly and have an adverse impact on its operations. However, management is not aware of any actions by Agency funding sources that will adversely affect operations in the next fiscal year.

H: FEDERALLY ASSISTED PROGRAMS - COMPLIANCE CONTINGENCIES

Federal and State assistance programs represent an important source of funding for the Agency. These programs are audited annually in accordance with the "Single Audit Act". Prior audits have not resulted in any significant disallowed costs; however, grantor agencies may conduct or require further examinations. Based upon prior experience, Agency management believes that further examination would not result in any significant disallowed costs.

I: SUBCONTRACTOR AUDITS

All council on aging subcontractors and certain other entities receiving funding from the Agency are responsible for having an independent audit performed in accordance with Government auditing standards and, additionally, in accordance with the "Single Audit Act" if federal expenditures exceed specified thresholds.

J: CHANGE IN ACCOUNTING PRINCIPLES AND FINANCIAL STATEMENT PRESENTATION

Prior to July 1, 2004, the Agency, under the Governor's Office of Elderly Affairs (GOEA) guidelines, was classified as a separate special-purpose governmental entity and presented its financial statements and applied accounting methods appropriate to that classification. The GOEA has now determined that the Agency is not considered to be a quasi-governmental entity. Therefore the Agency may now report its financial activities under standards applicable to non-profit organizations as detailed in Note A above to better reflect its status and activities as a non-profit organization. For comparability the financial information for the year ended June 30, 2003 has been restated and recast to reflect the change in accounting methods and financial statement presentation effective July 1, 2003. In order to reflect adjustments in accounting for fixed assets and depreciation and accrued compensated absences, fund balances for government fund types previously reported at June 30, 2003 were increased by \$2,918 to arrive at net assets in the amount of \$424,791 as of that date. Fund balances as of June 30, 2002 were increased \$3,050 and the changes in net assets reported for fiscal 2003 decreased by \$132.

SUPPLEMENTAL INFORMATION

DESCRIPTION OF PROGRAMS

Title III C-1 Area Agency Administration (AAA)

The Title III C-1 Area Agency Administration (AAA) Program accounts for the administration of the services provided to the elderly. Title III C-1 AAA funds are provided by the U.S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. These funds are used to pay the costs of administering programs.

Title III-B Program

The Title III-B Program is used to account for the support services, which include access services, in-home services, community services, and transportation, for the elderly. Title III-B funds are provided by the U. S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging, which "passes through" the funds to the various service providers.

Title III C-1 Program

The Title III C-1 Program accounts for the revenues and expenditures of federal and state grants for congregate meals for the elderly in strategically located centers. These funds are provided in the same manner as Title III-B above.

Title III C-2 Program

Title III C-2 funds are used to provide nutritional meals to home-bound older persons. These funds are provided in the same manner as Title III-B above.

Title III-D Program

The Title III-D Program is used to account for funds used to provide disease prevention and health promotion services. This includes wellness activities and medication management services. These funds are provided in the same manner as Title III-B above. A portion of the medication management services is provided directly by the Agency by providing medication management seminars.

Title III-E Program

The Title III-E Program is used to account for funds which are used to provide various caregiver support services. This includes public education, information and assistance, support groups, in-home respite care, material aid, personal care services and sitter services. These funds are provided in the same manner as Title III-B above. A portion of public education services and all of the support group services are provided directly by the Agency.

N.S.I.P. Program

Effective in April 2003, the program name for the USDA Cash-in-Lieu of Commodities was changed to Nutritional Services Incentive Program (N.S.I.P.) and the administration of the program has been moved from the U.S. Department of Agriculture to the U.S. Department of Health and Human Services. The N.S.I.P. Program is used to account for the administration of the Food Distribution Program funds provided by the U.S. Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. This program reimburses the area

agencies on a per unit basis for each congregate and home delivered meal served to an eligible participant so that U.S. food and commodities may be purchased to supplement these programs.

Senior Center Program/Supplemental Senior Center Program

The Senior Center Programs are used to account for the administration of Senior Center Program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which "passes through" the funds to Capital Area Agency on Aging, which "passes through" the funds to the area Councils on Aging. This program provides community service centers at which older persons receive support services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. Effective July 1, 2004, Capital Area Agency on Aging will no longer administer these programs.

Audit Program

The audit program is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the agency and the various councils' financial statements.

United Way Program

The United Way Program is used to account for funds received from the Capital Area and other United Way organizations to supplement administrative costs, the home-delivered meals program and a Personal Care Program.

Utility Relief Program

The Utility Relief fund is used to account for the administration of programs sponsored by local utility companies who collect contributions from service customers and employees. These contributions and the utility companies' corporate donations are remitted to the Agency which "passes through" the funds to the various councils to provide assistance to the elderly with emergencies in the payment of energy costs.

Louisiana Senior Rx Program

Effective July 1, 2003, Capital Area Agency on Aging began operating the Louisiana Senior Rx Program. Funds are appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs and are "passed through" to Capital Area Agency on Aging. The Agency accounts for funds received for the administration and support of the program to link eligible seniors with assistance in obtaining their prescription medications. The program helps seniors complete applications to drug companies for free medicines or drug discount cards.

Elderly Protective Services Program

The Elderly Protective Services Program is used to account for the administration and support of the program to protect individuals sixty years of age or older who cannot physically or mentally protect themselves. The program also serves those who are harmed or threatened with harm through action or inaction by themselves or by individuals responsible for their care or by other parties.

Other Programs

Other contributions may be used to support various programs as the need arises.

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
DETAILED SCHEDULE OF PROGRAM ACTIVITIES
For the year ended June 30, 2004

	UNRESTRICTED		TEMPORARILY RESTRICTED				
	LOCAL	FEDERAL PROGRAMS					TITLE III-E
		TITLE III C-1 AAA	TITLE III-B	TITLE III C-1	TITLE III C-2	TITLE III-D	
SUPPORT AND REVENUE							
Governmental:							
Federal grants passed through							
Governor's Office of Elderly Affairs	\$ -	\$ 133,801	\$ 406,888	\$ 367,768	\$ 259,513	\$ 29,078	\$ 160,509
State of Louisiana	-	44,600	208,278	131,402	419,046	-	46,688
Other:							
Entergy - Project Care	-	-	-	-	-	-	-
Helping Hands	-	-	-	-	-	-	-
Capital Area United Way	-	-	-	-	-	-	-
Participant contributions	-	-	-	-	-	-	584
Interest	2,258	-	-	-	-	-	-
Other	3,169	-	-	-	125,292	-	-
	<u>5,427</u>	<u>178,401</u>	<u>615,166</u>	<u>499,170</u>	<u>803,851</u>	<u>29,078</u>	<u>207,781</u>
EXPENSES							
Administration:							
Salaries	-	148,023	-	-	-	4,413	-
Payroll tax and fringe benefits	-	41,572	-	-	-	377	-
Travel	603	7,291	-	-	-	-	-
Operating services	-	36,480	-	-	-	-	-
Operating supplies	445	4,722	-	-	-	-	-
Professional services	-	5,405	-	-	-	-	-
Other costs	5,854	2,401	-	-	-	629	544
	<u>6,902</u>	<u>245,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,419</u>	<u>544</u>
CATERED MEALS - MEALS PROGRAM							
Raw food	-	-	-	155,861	288,214	-	-
Labor and non-edibles	-	-	-	212,919	583,491	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,780</u>	<u>871,705</u>	<u>-</u>	<u>-</u>
Contracted social services:							
Alzheimer's Services of Capital Area	-	-	-	-	-	-	5,925
Ascension Council on Aging, Inc.	-	-	50,949	18,708	17,221	2,393	2,764
Assumption Council on Aging, Inc.	-	-	50,470	24,366	12,218	1,817	3,066
Capital Area Legal Services, Inc.	-	-	17,433	-	-	-	-
E. Feliciana Council on Aging, Inc.	-	-	50,909	13,754	33,277	1,736	1,540
Gulf Coast Family Teaching, Inc.	-	-	-	-	-	-	181,807
Iberville Council on Aging, Inc.	-	-	66,545	29,109	23,026	2,457	1,480
Pointe Coupee Council on Aging, Inc.	-	-	65,232	39,455	4,543	2,427	2,755
St. Helena Council on Aging, Inc.	-	-	28,707	9,795	24,196	1,256	1,908
Southeast La. Legal Services Corp.	-	-	6,295	-	-	-	-
Tangipahoa Council on Aging, Inc.	-	-	125,999	53,700	51,416	5,467	2,236
Ultra Home Health, Inc.	-	-	-	-	-	-	-
Washington Council on Aging, Inc.	-	-	90,460	40,207	48,307	3,609	2,800
W. B. R. Council on Aging, Inc.	-	-	35,973	10,810	4,422	1,294	800
W. Feliciana Council on Aging, Inc.	-	-	28,194	8,890	14,650	1,117	700
	<u>-</u>	<u>-</u>	<u>615,166</u>	<u>248,794</u>	<u>233,276</u>	<u>23,573</u>	<u>207,781</u>
Total expenses	<u>6,902</u>	<u>245,894</u>	<u>615,166</u>	<u>617,574</u>	<u>1,104,981</u>	<u>28,992</u>	<u>208,325</u>
Change in net assets before interfund transfers	(1,475)	(67,493)	-	(118,404)	(301,130)	86	(544)
OTHER FINANCING SOURCES (USES):							
Operating transfers in	-	66,755	-	118,404	301,130	-	-
Operating transfers out	-	-	-	-	-	-	-
	<u>-</u>	<u>66,755</u>	<u>-</u>	<u>118,404</u>	<u>301,130</u>	<u>-</u>	<u>-</u>
Change in net assets	(1,475)	(738)	-	-	-	86	(544)
NET ASSETS							
Beginning of year	48,090	(8,869)	-	-	-	(132)	2,834
End of year	\$ <u>46,615</u>	\$ <u>(9,607)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(46)</u>	\$ <u>2,290</u>

NSIP	STATE PROGRAMS			OTHER PROGRAMS			TOTAL
	LOUISIANA SENIOR Rx	AUDIT	ELDERLY PROTECTIVE	UNITED WAY	UTILITY RELIEF	OTHER	
\$ 295,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,652,870
-	95,775	12,573	296,113	-	-	-	1,254,475
-	-	-	-	-	40,166	-	40,166
-	-	-	-	-	24,155	-	24,155
-	-	-	-	171,500	-	-	171,500
-	-	-	-	-	-	-	584
-	-	-	-	-	-	-	2,258
-	4,426	-	-	1,289	-	1,700	135,876
<u>295,313</u>	<u>100,201</u>	<u>12,573</u>	<u>296,113</u>	<u>172,789</u>	<u>64,321</u>	<u>1,700</u>	<u>3,281,884</u>
-	47,245	-	100,980	-	-	-	300,661
-	5,372	-	15,335	-	-	-	62,656
-	1,487	-	8,618	-	-	-	17,999
-	19,486	-	20,018	-	-	-	75,984
-	8,305	-	1,838	-	-	-	15,310
-	-	3,057	1,225	-	-	-	9,687
-	11,955	-	1,110	-	-	100	22,593
-	<u>93,850</u>	<u>3,057</u>	<u>149,124</u>	-	-	<u>100</u>	<u>504,890</u>
-	-	-	-	-	-	-	444,075
-	-	-	-	-	-	-	796,410
-	-	-	-	-	-	-	<u>1,240,485</u>
-	-	-	-	-	-	-	5,925
-	-	915	-	-	23,822	-	116,772
-	-	670	-	-	1,149	-	93,756
-	-	-	147,620	-	-	-	165,053
-	-	678	-	500	4,338	-	106,732
-	-	-	-	3,307	-	-	185,114
-	-	1,051	-	-	11,252	-	134,920
-	-	969	-	8,256	4,499	-	128,136
-	-	537	-	500	5,739	-	72,638
-	-	-	-	-	-	-	6,295
-	-	2,230	-	-	3,481	-	244,529
-	-	-	-	8,517	-	-	8,517
-	-	1,543	-	-	-	-	186,926
-	-	446	-	-	8,595	-	62,340
-	-	477	-	-	1,446	-	53,474
-	-	9,516	147,620	21,080	64,321	-	1,571,127
-	<u>93,850</u>	<u>12,573</u>	<u>296,744</u>	<u>21,080</u>	<u>64,321</u>	<u>100</u>	<u>3,316,502</u>
<u>295,313</u>	<u>6,351</u>	<u>-</u>	<u>(631)</u>	<u>151,709</u>	<u>-</u>	<u>1,600</u>	<u>(34,618)</u>
-	-	-	-	-	-	-	486,289
<u>(321,266)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165,023)</u>	<u>-</u>	<u>-</u>	<u>(486,289)</u>
<u>(321,266)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165,023)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(25,953)	6,351	-	(631)	(13,314)	-	1,600	(34,618)
189,766	-	-	(1,460)	186,890	-	7,672	424,791
<u>\$ 163,813</u>	<u>\$ 6,351</u>	<u>\$ -</u>	<u>\$ (2,091)</u>	<u>\$ 173,576</u>	<u>\$ -</u>	<u>\$ 9,272</u>	<u>\$ 390,173</u>

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
SCHEDULE OF CHANGES IN FIXED ASSETS**

June 30, 2004

	Balance June 30, 2003	Reclass- ifications	Additions	Deletions	Balance June 30, 2004
OFFICE EQUIPMENT					
Computer equipment	\$ 12,536	\$ -	\$ 2,436	\$ 2,204	\$ 12,768
Typewriters and calculators	1,178	-	-	-	1,178
Copier and other office machines	12,408	-	4,659	-	17,067
	<u>26,122</u>	<u>-</u>	<u>7,095</u>	<u>2,204</u>	<u>31,013</u>
OFFICE FURNITURE AND FIXTURES					
Office furniture	3,421	-	-	-	3,421
Filing cabinets and bookcases	-	-	-	-	-
Miscellaneous fixtures	-	-	-	-	-
	<u>3,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,421</u>
TOTAL FIXED ASSETS	<u>\$ 29,543</u>	<u>\$ -</u>	<u>\$ 7,095</u>	<u>\$ 2,204</u>	<u>\$ 34,434</u>
INVESTMENT IN FIXED ASSETS					
Title III C-1 Area Agency Administration	\$ 10,572	\$ -	\$ -	\$ -	\$ 10,572
Title III C-1	-	-	-	-	-
State Adult Protective Services	2,413	-	-	-	2,413
Title III-E National Caregiver Support	2,867	-	-	-	2,867
Louisiana Senior Rx	-	-	4,659	-	4,659
Local	13,691	-	2,436	2,204	13,923
TOTAL INVESTMENT IN FIXED ASSETS	<u>\$ 29,543</u>	<u>\$ -</u>	<u>\$ 7,095</u>	<u>\$ 2,204</u>	<u>\$ 34,434</u>

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2004

<u>FEDERAL GRANTOR/PASS THROUGH GRANTORS/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Louisiana Governor's Office Of Elderly Affairs:				
Special Programs for the Aging:				
Title III, Part B Supportive Services	93.044	\$ 406,888	\$ 406,888	\$ 406,888
Title III, Part C-Area Agency Administration	93.045	133,801	133,801	133,801
Title III, Part C-1 Nutritional Services Congregate Meals	93.045	367,767	367,767	367,767
Title III, Part C-2 Nutritional Services Home Delivered Meals	93.045	259,513	259,513	259,513
Total Title III, Part C	93.045	<u>761,081</u>	<u>761,081</u>	<u>761,081</u>
Title III, Part D Disease Prevention and Health Promotion Services	93.043	29,079	29,079	29,079
Title III, Part E Caregiver Support	93.052	162,937	160,509	160,509
Nutritional Services Incentive Program	93.053	296,902	295,313	321,266
		<u>\$ 1,656,887</u>	<u>\$ 1,652,870</u>	<u>\$ 1,678,823</u>

Note A: Schedule prepared using accrual basis of accounting.

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MEMBERS - SEC AND
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SECTIONS OF THE AMERICAN
INSTITUTE OF CPAs

EID #72-0454386

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Capital Area Agency on Aging - District II, Inc.

We have audited the financial statements of Capital Area Agency on Aging - District II, Inc., as of and for the year ended June 30, 2004, and have issued our report thereon dated November 4, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Capital Area Agency on Aging - District II, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Continued...

This report is intended for the information of the management and board of Capital Area Agency on Aging - District II, Inc., the Legislative Auditor, the Governor's Office of Elderly Affairs, and federal awarding agencies and it is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "L.A. Champagne" followed by a flourish and "L.A.". The signature is written in a cursive, flowing style.

November 4, 2004

L.A. CHAMPAGNE & CO., L.L.P.

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EID #72-0454386

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors,
Capital Area Agency on Aging - District II, Inc.

Compliance

We have audited the compliance of Capital Area Agency on Aging - District II, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Capital Area Agency on Aging - District II, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of Capital Area Agency on Aging - District II, Inc. Our responsibility is to express an opinion on Capital Area Agency on Aging - District II, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Capital Area Agency on Aging - District II, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Capital Area Agency on Aging - District II, Inc.'s compliance with those requirements.

In our opinion, Capital Area Agency on Aging - District II, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Continued...

Internal Control Over Compliance

The management of Capital Area Agency on Aging - District II, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Capital Area Agency on Aging - District II, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management and board of Capital Area Agency on Aging - District II, Inc., the Legislative Auditor, the Governor's Office of Elderly Affairs, and federal awarding agencies and it is not intended to be and should not be used by anyone other than these specified parties.


November 4, 2004

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Capital Area Agency on Aging - District II, Inc.
2. No reportable conditions relating to the audit of the financial statements are reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of Capital Area Agency on Aging - District II, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
5. The auditor's report on compliance for the major federal award programs for Capital Area Agency on Aging - District II, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Capital Area Agency on Aging - District II, Inc. are reported in Part C of this Schedule.
7. The programs tested as a major program are as follows:
 - U. S. Department of Health and Human Services
Special Programs for the Aging:
 - Title III-B – Supportive Services; CFDA# 93.044
 - Title III-C – Nutrition Services; CFDA#93.045
 - N.S.I.P. – Nutrition Services Incentive Program; CFDA#93.053
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Capital Area Agency on Aging - District II, Inc. was determined to be a low-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings that are required to be reported in this section of the report.

C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There are no findings that are required to be reported in this section of the report.